

No. 83-695

In The  
SUPREME COURT OF THE UNITED STATES

NOV 23 1983

ALEXANDER L. STEVENS  
CLERK

October Term, 1983

SMITH INTERNATIONAL, INC., a California corporation,

Petitioner,

vs.

HUGHES TOOL COMPANY, a Delaware corporation,

Respondent.

PETITIONER'S REPLY TO OPPOSITION  
TO PETITION FOR A WRIT OF CERTIORARI  
TO THE UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

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Rather than making any meaningful attempt to reconcile the holding of the Court of Appeals (that immediate irreparable harm, e.g., inadequacy of money damages, need not be shown, but is to be presumed on behalf of patent owners in order to grant a preliminary injunction) with existing precedent, Respondent simply asserts that a "strong" showing of patent "validity and infringement" (Brief in Opp., p.1) is:

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" . . . . in itself, a showing of irreparable harm." (emphasis added)

Similarly, at page 7 of its Brief in Opposition, Respondent boldly states:

"Because of the nature of the patent right, infringement thereof is irreparable harm."

(emphasis in original)

If this view is to be accepted, gone is the irreparability requirement that a patent owner seeking a preliminary injunction must show that money damages will be inadequate to compensate him and gone is the immediacy requirement that some showing of current infringement, rather than long past or speculative future infringement, must be made.

The Court of Appeals' decision states that a "strong" showing on the issues of patent validity and infringement creates a presumption of immediate irreparable harm (Appendix B, p. 18) which establishes an entitlement to a preliminary injunction. If this is to be the law, preliminary injunctions will become routine in patent cases, rather than the rare exception, even though such a showing goes only to likelihood of success, not to irreparable harm.

#### Respondent's Cases Are Inapposite

Respondent has offered four cases, all decisions of this Court, in its effort to keep the important issue presented by this case from being reviewed by this Court. Of these,

only one, Continental Paper Bag Co. v. Eastern Paper Bag Co., 210 U.S. 405, 52 L.Ed. 1122 (1908), in any way involves the question of entitlement to an injunction and that case concerns a permanent injunction issued after final judgment, not a preliminary injunction. Furthermore, in Continental Paper Bag, this Court expressly declined, at 210 U.S. 430, to decide the very question which Respondent urges to be the holding of the case.

In Continental Paper Bag, the patent infringement action had been, unlike the present case, fully tried in the trial court and a final judgment of validity and infringement had been entered. The losing defendant argued (apparently for the first time on appeal), that the patentee-plaintiff should be denied a permanent injunction because it was not itself making use of the patented invention. The nonuse was undisputed, but this Court refused to reverse the lower courts' grant of injunctive relief because there was no showing that the nonuse was "unreasonable" (210 U.S. 429).

This Court went on to say:

"Whether, however, a case cannot arise where, regarding the situation of the parties in view of the public interest, a court of equity might be justified in withholding relief by injunction, we do not decide." (emphasis added)

Plainly, this Court did not hold, as Respondent would have it, that traditional equitable principles are not applicable to injunctions in patent cases.

Subsequent decisions confirm this view. For example, in 1974 the Court of Appeals for the Second Circuit was asked to reverse the denial of injunctive relief, after trial, to a nonusing patentee. It refused, and said in Foster v. American Machine & Foundry Co., 492 F.2d 1317, 1324, cert. denied, 419 U.S. 883 (1974):

"An injunction to protect a patent against infringement, like any other injunction, is an equitable remedy to be determined by the circumstances. 35 U.S.C. § 283. It is not intended as a club to be wielded by a patentee to enhance his negotiating stance. See Hoe v. Boston Daily Advertiser Corp., 14 F. 914 (C.C.Mass. 1883). Here, as the District Court noted, the appellant does not. In the assessment of relative equities, the court could properly conclude that to impose irreparable hardship on the infringer by injunction, without any concomitant benefit to the patentee, would be inequitable. Nerney v. New York, N.H. & H.R. Co., 83 F.2d 409,



410-411 (2 Cir. 1936); American Safety Device Co. v. Kurland Chemical Co., 68 F.2d 734 (2 Cir. 1934)." (emphasis added)

Similarly, in Hamilton Standard Propeller Co. v. Fay-Egan Mfg. Co., 101 F.2d 614, 616 (6 Cir. 1939), and Minnesota Mining & Mfg. Co. v. Carpenter Printing Co., 234 F.Supp. 418, 420 (N.D. Ohio 1964), patentees were denied injunctive relief after final judgment in their favor because there was no current infringement, i.e., no threat of irreparable harm. There is no record of current infringement in the present case, which the District Court noted when it said:

"It is necessary to determine the extent of plaintiff's infringement in a judicial proceeding -- either by trial or by motion for summary judgment -- before an injunction can issue" (Appendix A, p. 2)

Respondent has quoted (Brief in Opp., p. 2) this statement by the District Court as evidence of improper legal analysis. Far from it; the District Court was quite properly weighing the appropriate equitable factors in an effort to determine whether a showing of immediate irreparable harm had been made.

The remaining three cases in which Respondent tries to find some support for its position contain nothing more than abstract statements of general principles regarding the grant



of patents and are not pertinent to the issue of whether a preliminary injunction should be granted without a showing of irreparable harm or of the immediate threat of such harm.

Grant v. Raymond, 31 U.S. 218, 8 L.Ed. 376 (1832), was concerned with the question of whether patents could be properly reissued to cure defects and held that they could be. Mr. Justice Marshall's comment with regard to pledge of the public faith (31 U.S. 242) to patent owners has absolutely nothing to do with the issuance of injunctions, much less preliminary injunctions.

Zenith Radio Corp. v. Hazeltine Research, 395 U.S. 100, 23 L.Ed.2d 129 (1969) concerned the antitrust consequences of a patent licensing scheme. This Court's offhand reference to the nature of the patent grant was merely an introduction to a substantive discussion of various limitations which the law imposes on patent owners to prevent abuse of the public. Zenith is totally without relevance to the standards applicable to issuance of preliminary injunctions in a patent or any other kind of case.

Dawson Chemical Co. v. Rohm & Haas, 448 U.S. 176, 65 L.Ed.2d 696 (1980), had to do with interpretation of the contributory infringement statute, 35 U.S.C. 271(d), and held that a patent owner was not disabled from suing other manufacturers for contributory infringement even though it refused to license its patented process to anyone other than those who purchased raw materials for use in the process from the patent

owner. Once again, this case has no pertinence whatsoever to the issuance of preliminary injunctions.

Plainly, Respondent has been unable to find any precedent which even remotely supports the decision of the Federal Circuit in this case that immediate irreparable harm can be presumed for the purpose of reversing, as an abuse of discretion, a denial of a preliminary injunction in a patent action.

#### Respondent's Statutory Citation Is Also Inapposite

The statutory provision, 35 U.S.C. 154, which Respondent asserts (Brief in Opp., p. 3) to be applicable is not the patent statute relating to injunctions, but rather the statute which generally defines the nature of the patent grant. The statute which is in fact pertinent is 35 U.S.C. 283 and it is so identified at page 2 of our Petition. Section 283 provides that injunctions in patent cases are to be granted only:

" . . . in accordance with the principles  
of equity . . . ",

not, as Respondent would have it, as a matter of course without regard for equitable considerations.

#### The Pertinent Law

The directly relevant law is that reflected by this Court's decision in Sampson v. Murray, 415 U.S. 61, 90-91,

39 L.Ed.2d 166, 186-87 (1974) where the availability of "adequate compensatory" relief was held to preclude irreparable injury and by Nuclear-Chicago Corp. v. Nuclear Data, Inc., 465 F.2d 428, 430 (7 Cir. 1972), a patent case, where the court held:

" . . . A defendant's ability to compensate plaintiff in money damages precludes issuance of a preliminary injunction."

These cases, and several others demonstrating the fact that there is an unbroken line of precedent to this effect reaching back to the earliest days of this nation, are cited and discussed at pages 5 through 10 of our Petition. It is a striking fact that Respondent's Brief in Opposition contains no mention or discussion of these cases. This inability on the part of Respondent to come to grips with the pertinent law is a plain demonstration that the Court of Appeals has, in the present case, made a substantial departure from existing law which warrants review by this Court.

#### Conclusion

Unless this Court intervenes, the decision of the court below will mark the advent of a new era in the patent law in which preliminary injunctions will be granted on the basis of likelihood of success on the merits without a showing of irreparable harm because when there is a "strong" showing of patent validity and infringement "immediate irreparable harm



is presumed." (Court of Appeals opinion, p. 17, Appendix B, p. 18).

Unless certiorari is granted, every district court judge in this nation will be compelled to apply a new and different standard for grant of preliminary injunctions in patent cases from that ever before applied in patent cases and from that applied in all other types of cases.

November , 1983.

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